



June 20, 2006

MEMORANDUM

TO: Members of the House Commerce Committee

FROM: Ken Fletcher, Legislative Director

RE: Opposition to House Bill 6213

The Michigan State AFL-CIO is opposed to House Bill 6213. This legislation has been billed as the "minimum wage fix" however it is seeking to fix things that we are not sure need fixing. It also fails to correct what we feel are the true problems with the minimum wage legislation that was adopted earlier this year.

There seems to be this rush to judgement that come October 1, there will be all these workers who will now suddenly be eligible to receive overtime pay for working over 40 hours a week. This bill is predicated on the idea that people earning overtime is a bad thing. We, however, feel that workers earning overtime for the work that they perform over 40 hours a week is a basic right that should not be attacked by this or any other legislature.

Working families already had their overtime rights attacked in 2004 when President Bush enacted the biggest rollback of overtime pay rights since passage of the Fair Labor Standards Act in 1938, with regulatory changes that robbed some 6 million workers of the right to overtime pay. Congress repeatedly tried to block Bush's overtime take-away with six bipartisan votes, but the Bush administration implemented it anyway. Working families in Michigan cannot afford another Bush style attack on their over time pay.

Not all employers appear to be concerned about the prospect of having to pay their workers overtime. The owner of two Lansing area Saturn dealerships was quoted in the Lansing State Journal as saying that she didn't think it would be a big problem to pay overtime. "We'd just have to adjust it a little," she said. We believe that all employers and this legislature should step back and take a deep breath before they rush to pass a bill to correct a problem that may turn out to be not that big of a deal after all.

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The citizens of this state should be very concerned by the fact that this legislature is seeking to change this minimum wage bill even before it has taken effect. It really raises the issue of whether or not the legislature intends to allow the minimum wage increases that are scheduled to happen in July of 2007 and July 2008 to ever take effect.

If the legislature wants to fix some real problems with the minimum wage increase legislation they should start with increasing the minimum wage for tipped employees. The minimum wage for these workers has been set at the poverty wage of \$2.65 an hour for years. They were left out of the increases that will take place in October of this year and July of 2007 and 2008. They should at least receive the same percent increase that all other workers will enjoy. This is a glaring problem that does indeed need to be fixed by the legislature.

Another problem that needs to be corrected is the lack of cost of living increases to the minimum wage. The purchasing power of the minimum wage erodes every year. Since the legislature only seems to act once every 8 or 9 years to increase the minimum wage, some form of automatic cost of living increases needs to be enacted in the law to prevent these low wage workers from slipping further into poverty as time goes on. That is a fix that we could whole heartily support.

Since House Bill 6213 doesn't address either of these issues, and seeks to strip workers of their overtime rights, we urge you to vote "NO".

Thank you.

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